

# Smith Bagley, Inc.

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February 25, 2010

David Capozzi  
Acting General Counsel  
Universal Service Administrative Company  
2000 L Street, NW, Suite 200  
Washington, DC 20036



Dear Mr. Capozzi:

Smith Bagley, Inc. (SAC 459001, 499009, and 509002) hereby requests a refund of support for lines in Covered Locations (CL) that had been deducted by operation of the nationwide cap on Interstate Access Support (IAS) paid to Competitive Eligible Telecommunications Carriers (CETCs).

According to USAC's recent breakdown of the November 2009 prior period adjustments (PPAs) relating to the payment of uncapped support under the CL exception, no payment of support previously deducted under the nationwide IAS cap was made.

Smith Bagley, Inc. believes that the plain language of the Cap Order (FCC 08-122) entitles its CL SACs to the support previously deducted under the nationwide IAS cap. Specifically, the FCC stated:

"We permit competitive ETCs serving Covered Locations to continue to receive uncapped high-cost support for lines served in those Covered Locations." (para. 32)

The FCC further stated:

"If a competitive ETC serves lines in both Covered Locations and non-Covered Locations (or only Covered Locations), the Universal Service Administrator shall determine the amount of additional support – after application of the interim cap – necessary to ensure that a competitive ETC receives the same per-line support amount as the incumbent LEC for the lines qualifying for the exception." (para. 33) (emphasis added).

In addition to the amounts deducted under the statewide cap in New Mexico, Smith Bagley, Inc. experienced reductions to its IAS in New Mexico, Arizona, and Utah as a result of the nationwide IAS cap. Nonetheless, Smith Bagley, Inc. has only received PPAs representing the amounts previously deducted under the statewide cap. This does not represent the "amount of additional support ... necessary to ensure that [it] receives the same per-line support amount as the incumbent LEC[.]"

Smith Bagley, Inc. requests that USAC pay support on Smith Bagley, Inc.'s lines in Covered Locations free of both the statewide cap and the nationwide IAS cap, and make all necessary prior period adjustments to restore the support to the same level of per-line support received by the incumbent LECs in those areas. If USAC does not intend to make such payments, please provide written confirmation of this decision as well as an explanation of the reasons.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gayle L. Gouker".

Gayle L. Gouker, CFO